

Registered number: SC275299

Business Homes – CALA Limited
Annual report and financial statements
For the year ended 30 June 2012



Business Homes – CALA Limited

Annual report and financial statements for the year ended 30 June 2012

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Business Homes – CALA Limited

Directors and advisors

Directors

R J Millar
J G G Reid

Company secretary

Ledge Services Limited
Johnstone House
52–54 Rose Street
Aberdeen
AB10 1HA

Registered office

Johnstone House
52–54 Rose Street
Aberdeen
AB10 1HA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Business Homes – CALA Limited

Registered number SC275299

Directors' report for the year ended 30 June 2012

The directors present their report and audited financial statements of the company for the year ended 30 June 2012.

Review of the business

The principal activity of the company is property development. As a result of trading conditions and recovery prospects for the commercial property market, no further capital will be invested for new developments. The company is in the process of selling its remaining assets.

Results

The results of the company show a profit before tax of £1,475 (2011: loss before tax £450,774) and sales of £1,130,999 (2011: £1,211,772). The directors do not recommend the payment of a dividend (2011: £nil).

Future outlook

The directors have agreed that this business will cease once all existing assets have been sold.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are considered to relate to going concern (discussed further below) and the strength of the commercial property market.

Key performance indicators

The directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the company.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will be able to realise its assets and discharge its liabilities in the normal course of business.

The company is dependent upon the continued financial support of CALA Management Limited (which CALA Management Limited has agreed will continue for the foreseeable future) for its day to day working capital requirements to enable it to meet its liabilities as they fall due.

The directors are therefore of the opinion that the company will continue to meet its debts as they fall due for the foreseeable future.

For these reasons the directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Business Homes – CALA Limited

Directors' report for the year ended 30 June 2012 (continued)

Independent auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In accordance with Companies Act 2006, an elective resolution has been passed by shareholders in order to dispense with the need to hold annual general meetings and to appoint auditors annually. PricewaterhouseCoopers LLP shall therefore continue as auditors to the company.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

By order of the board



For and on behalf of Ledge Services Limited
Company secretary

3 September 2012

Business Homes – CALA Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors' responsibilities were approved by the board on **3** September 2012 and signed on its behalf by:



J G G Reid
Director

Business Homes – CALA Limited

Independent auditors' report to the members of Business Homes - CALA Limited

We have audited the financial statements of Business Homes - CALA Limited for the year ended 30 June 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Business Homes – CALA Limited

Independent auditors' report to the members of Business Homes – CALA Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mark Hoskyns-Abraham (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
3 September 2012

Business Homes – CALA Limited

Profit and loss account for the year ended 30 June 2012

	Note	2012 £	2011 £
Turnover	1	1,130,999	1,211,772
Cost of sales		<u>(903,084)</u>	<u>(1,288,546)</u>
Gross profit/(loss) before exceptional items		227,915	(76,774)
Exceptional items – cost of sales	3	<u>(240,000)</u>	<u>(485,358)</u>
Gross loss after exceptional items		(12,085)	(562,132)
Administrative expenses		<u>16,067</u>	<u>139,475</u>
Operating profit/(loss)		3,982	(422,657)
Interest	5	<u>(2,507)</u>	<u>(28,117)</u>
Profit/(loss) on ordinary activities before taxation	2	1,475	(450,774)
Tax on profit/(loss) on ordinary activities	6	<u>-</u>	<u>-</u>
Profit/(loss) retained for the financial year	12	<u>1,475</u>	<u>(450,774)</u>

All activities are continuing.

The company has no recognised gains and losses other than those included in the profit and loss account above and, therefore, no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year above, and their historical cost equivalents.

Business Homes – CALA Limited

Balance sheet as at 30 June 2012

	Note	2012 £	2011 £
Current assets			
Stocks	7	1,010,000	2,000,000
Debtors	8	6,488	66,929
Cash at bank and in hand		<u>138,851</u>	<u>84,268</u>
		1,155,339	2,151,197
Creditors: amounts falling due within one year	9	<u>(7,064,828)</u>	<u>(8,062,161)</u>
Net current liabilities		<u>(5,909,489)</u>	<u>(5,910,964)</u>
Net liabilities		<u>(5,909,489)</u>	<u>(5,910,964)</u>
Capital and reserves			
Called up share capital	11	1,000	1,000
Profit and loss account	12	<u>(5,910,489)</u>	<u>(5,911,964)</u>
Total shareholders' deficit	13	<u>(5,909,489)</u>	<u>(5,910,964)</u>

The financial statements on pages 7 to 13 were approved by the board of directors on 3 September 2012 and signed on its behalf by:



J G G Reid
Director

Business Homes – CALA Limited

Notes to the accounts for the year ended 30 June 2012

1. Accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

The company is dependent upon the continued financial support of CALA Management Limited (which CALA Management Limited has agreed will continue for the foreseeable future) for its day to day working capital requirements to enable it to meet its liabilities as they fall due.

These financial statements do not include any adjustments to the balance sheet if assets were to be realised at significantly less than book value or provision for further liabilities that may be required if the going concern basis of preparation is inappropriate.

Stocks and work in progress

Stocks and work in progress, including land, are valued at the lower of cost and net realisable value. Cost comprises acquisition and build costs plus related fees. Net realisable value is the estimated selling price less all costs to be incurred.

Turnover

Turnover includes sale of development sites and rental income and is based on the invoiced value of sales, excluding value added tax. Turnover is recognised on sales legally completed in the financial year.

Interest

Interest is charged to work in progress and released to profit and loss account as the development sites are sold.

Cash flow statement

The company has taken advantage of the exemption available under Financial Reporting Standard number 1 Cash flow statements (revised 1996) and has not prepared a cash flow statement as a consolidated cash flow statement is presented in the financial statements of its parent, CALA Group Limited.

Business Homes – CALA Limited

Notes to the accounts for the year ended 30 June 2012 (continued)

Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

	2012 £	2011 £
2. Profit/(loss) on ordinary activities before taxation		
Stated after charging:		
Auditors' remuneration		
- Audit services	2,615	2,525
- Non audit services – taxation services	<u>990</u>	<u>945</u>
	2012 £	2011 £
3. Exceptional items – cost of sales		
Land and work in progress write downs	<u>(240,000)</u>	<u>(485,358)</u>

The carrying value of the asset has been written down as a result of the significant deterioration in market conditions. The review of land and work in progress has been carried out by the directors based on a previous external valuation.

Business Homes – CALA Limited

Notes to the accounts for the year ended 30 June 2012 (continued)

4. Directors' emoluments

No directors' emoluments were paid during the year (2011: nil). The average monthly number of employees including directors during the year was 2 (2011: 3).

	2012 £	2011 £
5. Interest		
Interest payable	(4,828)	(28,175)
Interest receivable	<u>2,321</u>	<u>58</u>
	<u>(2,507)</u>	<u>(28,117)</u>

	2012 £	2011 £
6. Tax on profit/(loss) on ordinary activities		
(a) Analysis of charge for the year:		
UK corporation tax on the loss of the financial year	-	-
	<u>-</u>	<u>-</u>
Total current tax charge/(credit)	<u>-</u>	<u>-</u>

(b) Factors affecting tax charge for the year:

The difference between the current tax charge ordinary activities for the year, reported in the profit and loss account, and the current year tax charge that would result from applying the relevant standard rate of tax to the loss on ordinary activities before tax is explained as follows:

	2012 £	2011 £
Profit/(loss) on ordinary activities before taxation	<u>1,475</u>	<u>(450,774)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of tax at 25.5% (2011: 27.5%)	376	(123,969)
Effects of :		
Group relief	(376)	-
Deferred tax movement not recognised	-	117,201
CY deferred tax (CT rate adjustment)	<u>-</u>	<u>6,768</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

Business Homes – CALA Limited

Notes to the accounts for the year ended 30 June 2012 (continued)

(c) Factors affecting future tax charges

The rate of Corporation tax was reduced to 24% effective from 1 April 2012. The impact of the reduction in the Corporation tax rate is reflected in the table above.

In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. A further reduction to the main rate is proposed to reduce the rate to 22% from 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

	2012 £	2011 £
7. Stocks		
Work in progress	<u>1,010,000</u>	<u>2,000,000</u>
	2012 £	2011 £
8. Debtors		
Other debtors	<u>6,488</u>	<u>66,929</u>
	2012 £	2011 £
9. Creditors: amounts falling due within one year		
Trade creditors	2,523	50,454
Other creditors	992	-
Accruals	116,325	177,744
Term loans	-	381,639
Amounts due to CALA Management Limited	<u>6,944,988</u>	<u>7,452,324</u>
	<u>7,064,828</u>	<u>8,062,161</u>
	2012 £	2011 £
10. Unrecognised deferred tax asset		
Tax losses carried forward	<u>(1,327,010)</u>	<u>(1,437,594)</u>

Following due consideration of the availability of tax losses in relation to future anticipated taxable profits, the deferred tax asset has not been recognised. The deferred tax asset not recognised will be recoverable should there be appropriate future taxable profits. The closing potential deferred tax asset is calculated using the rate of 24%.

Business Homes – CALA Limited

Notes to the accounts for the year ended 30 June 2012 (continued)

11. Called up share capital	2012	2011
	£	£
Allotted and fully paid		
500 'A' ordinary shares of £1 each	500	500
500 'B' ordinary shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

The shareholders of A and B ordinary shares have equal voting rights.

12. Profit and loss account	2012	2011
	£	£
Balance brought forward	(5,911,964)	(5,461,190)
Profit/(loss) for the financial year	<u>1,475</u>	<u>(450,774)</u>
Balance carried forward	<u>(5,910,489)</u>	<u>(5,911,964)</u>

13. Reconciliation of movements in shareholders' deficit	2012	2011
	£	£
Opening shareholders' deficit	(5,910,964)	(5,460,190)
Profit/(loss) retained for the financial year	<u>1,475</u>	<u>(450,774)</u>
Closing shareholders' deficit	<u>(5,909,489)</u>	<u>(5,910,964)</u>

14. Related party transactions

As at 30 June 2012 amounts due to shareholders were as follows:

- Amounts due to CALA Management Limited - £6,944,988 (2011: £7,452,324).

15. Ultimate controlling parties

The immediate parent undertaking and controlling party is CALA Management Limited. The ultimate parent and controlling party is CALA Group Limited, a company incorporated in the United Kingdom. CALA Group Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of CALA Group Limited are available from Adam House, 5 Mid New Cultins, Edinburgh, Midlothian, EH11 4DU.